



September 12, 2014

Honorable Janet L. Sanders  
Suffolk Superior Court  
3 Pemberton Square 13  
Boston, MA 02108

Dear Judge Sanders,

I serve as President of Anaesthesia Associates of Massachusetts, P.C. (AAM). By way of background, AAM is the largest private provider of anesthesia services in New England having been in existence for over 30 years. It founded the Anesthesia Patient Safety Foundation, an internationally recognized not for profit organization and has been instrumental in setting national anesthesia standards throughout its existence. AAM currently manages the anesthesia residency program at Boston University Medical Center and also started the nurse anesthetist training program at Boston College in 2002. We have negotiated the first (and we believe only) pay for performance programs for anesthesia with Tufts and Harvard Pilgrim. Five Members of AAM's staff are past Presidents of the Massachusetts Society of Anesthesiologists. Our clinical leaders are nationally recognized within the areas of anesthesia and pain management. AAM and its sister company, Plexus Management Group (PMG) employ over 400 individuals in Massachusetts. AAM would like to go on record as opposing Partners Health Care's continued expansion in the Commonwealth. Our group has been significantly, adversely impacted by Partners, and Partners market share gains could accelerate negative trends with significant repercussions for the Commonwealth.

With respect to AAM and Partners, eight years ago we were urged by the CEO of Salem and Union Hospitals (NSMC), both Partners hospitals, to assess the anesthesia environment at Salem Hospital and create a single anesthesia service for both institutions. The Salem anesthesia group was struggling with a lack of leadership and numerous complaints from surgeons and administration. We deployed many of our top anesthesiologists. Our assessment resulted in NSMC's developing a RFP that was sent to AAM and MGH. The AAM proposal was several million dollars less expensive than MGH anesthesia as well as the overwhelming choice of the surgeons. Thus, AAM was awarded the contract in 2006.

During the course of AAM's time at NSMC we exceeded every service expectation:

- Developed and expanded capacity for NSMC's cardiac surgery.
- Expanded night and weekend emergency call coverage to better support community and physicians.
- Expanded coverage to include emergency rooms and ICU for emergent pediatric intubations.
- Initiated chronic pain program for indigent population.
- Demonstrated needed flexibility of staffing in the face of a highly variable day-to-day OR Utilization across two campuses. We shared OR utilization data with NSMC administration over the years and it has formed the basis for OR consolidation and resulting efficiencies. The daily variability of the OR operations ranged from 8-14 sites for anesthesia. One can well appreciate a group's ability to expand and contract staffing to match the surgical demand. AAM specializes in this to the tremendous financial benefit for Partners.
- Introduced state-of-the-art Capnography monitoring for post-operative patients, the only hospital in Partners to do this and recently recognized at a presentation to a Bariatric Program accreditation program from the American College of Surgeons.
- Anesthesia Chairman received the Partners in Excellence award for his work on the Hip and Knee school collaborative preparing NSMC patients for joint-replacement surgery.
- AAM was actively involved in a range of Performance Improvement projects and Quality Care Initiatives.

Despite all of the positive developments and the high level of service, Partners refused to extend AAM's contract for



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NSMC last year. This was communicated in a perfunctory manner with a decision to convert the service to MGH without going through a RFP process, i.e., a clear reflection of MGH's market power.

In an eerily familiar way, we also learned that Brigham & Women's Hospital wanted to create a "community-based anesthesia practice" at Faulkner Hospital and that AAM was terminated on June 30, 2013. AAM had provided anesthesia for over 30 years at Faulkner. The chief at Faulkner, Dr. Jim Gessner built an efficient OR, provided ultrasound-guided block training to all Brigham anesthesia residents, built a pain program for Faulkner and served as a model chief for Partners. As with NSMC, the anesthesia sites can vary from 6-14 on any given day. Again, it is difficult to conceive how a fixed staff, academic-type model could cost effectively meet such variable requirements. AAM also proposed to install its electronic medical record for anesthesia including the costs of hardware, wifi, etc. at no cost to Faulkner and NSMC as well). Our proposals fell on deaf ears, and despite non-solicitation clauses in the Faulkner agreement, they aggressively pursued AAM clinicians. Again, AAM was not extended, nor was there a RFP process to compare service costs and capabilities. Another example of Partners market power.

In addition, to these blatant efforts to replace high quality, cost-effective private practice physicians with their in-house, employed staff, Partners market power and attendant pricing power have created significant wage disparities. During the course of this power play and in an effort to increase their anesthesia staffing, Partners raised market salaries for Certified Registered Nurse Anesthetists by over 20%! Please keep in mind that anesthesia groups at most of the community hospitals in the Commonwealth require financial support in order to attract Anesthesiologists and CRNAs to work at these sites. The unilateral salary increases at Partners sites distort the pricing for the market and place pressure on the community hospitals to increase their support payments which further jeopardizes the community hospitals' competitive positions.

In summary, market concentration at Partners has resulted in:

- Displacing a premier private group at three of its institutions at the expense of higher costs and reduced efficiency.
- Market power and attendant pricing power distort wages which increases costs for private and other anesthesia groups, further constrains community hospitals and the Commonwealth's health system. Private anesthesia group rates are 40% below Partners rates now with major managed care organizations.

We continue to hear the argument that such consolidation is to promote the development of ACOs, but no one can explain how our arrangement as the low-cost provider of the highest quality anesthesia services is not compatible with ACOs. Other institutions such as Mount Auburn Hospital and New England Baptist Hospital see AAM's practice as a critical component in their successful development of ACOs. Moreover, the consolidation has only resulted in increased costs for everyone in the Commonwealth.

We look forward to having an opportunity to raise these points with you directly.

Respectfully,

James F. English, MD, President

cc: Attorney General Martha Coakley ✓